UNITED NATIONS **S**

Security Council

Distr.
GENERAL

S/1994/1375
2 December 1994

ORIGINAL: ENGLISH

LETTER DATED 2 DECEMBER 1994 FROM THE SECRETARY-GENERAL ADDRESSED TO THE PRESIDENT OF THE SECURITY COUNCIL

I have the honour to transmit the report addressed to me on 2 December 1994 by the Co-Chairmen of the Steering Committee of the International Conference on the Former Yugoslavia, on the conclusion of an Economic Agreement between the Croatian Government and the Serb local authorities (see annex).

I should be grateful if you would bring this information to the attention of the members of the Security Council.

(Signed) Boutros BOUTROS-GHALI

Annex

Report of the Co-Chairmen of the Steering Committee of the International Conference on the Former Yugoslavia on the conclusion of an Economic Agreement between the Croatian Government and the Serb local authorities

INTRODUCTION

1. One of the priorities of the International Conference on the Former Yugoslavia since its establishment has been the promotion of better relations between the Government of the Republic of Croatia and the Croatian Serbs. As part of this process, the Co-Chairmen of the Steering Committee and negotiators of the International Conference on the Former Yugoslavia have maintained constant contacts with the leadership in Zagreb and in Knin. Efforts for the normalization of relations between the Governments of the Federal Republic of Yugoslavia (Serbia and Montenegro) and the Republic of Croatia were also part of this process. It will be recalled, in this connection, that the Belgrade Joint Communiqué of 11 September 1992 and the Joint Declarations of 30 September 1992 and 20 October 1992 by Presidents Cosic and Tudjman, which were negotiated under the auspices of the Co-Chairmen, helped defuse trouble spots at places such as the Prevlaka peninsula and the Peruca dam and provided a framework for future cooperation. The Co-Chairmen have also been instrumental in arranging meetings between Presidents Milosevic and Tudjman, and between the Foreign Ministers of the Federal Republic of Yugoslavia (Serbia and Montenegro) and the Republic of Croatia.

2. The Cease-fire Agreement of 29 March 1994, negotiated under the auspices of the International Conference on the Former Yugoslavia, with the participation of the Ambassadors of the United States of America and of the Russian Federation in Zagreb, brought active hostilities between Croatian Government forces and Croatian Serb forces to an end. The cease-fire, which is still largely respected, has stopped the deaths and destruction that were commonplace before. Since the conclusion of the Cease-fire Agreement of 29 March 1994, the Co-Chairmen and negotiators of the International Conference on the Former Yugoslavia, in close consultations with the leadership in Zagreb, Knin and Belgrade, have sought to develop confidence by encouraging and steering negotiations on practical issues of economic cooperation, while simultaneously keeping in mind the need for negotiated political solutions.

3. Negotiators of the International Conference on the Former Yugoslavia have had innumerable meetings in Zagreb, in Knin and elsewhere to advance agreements on water, power, the reopening of pipelines, highways and railways, the return of refugees and displaced persons and the payment of pensions. Based on the work done by negotiators of the International Conference on the Former Yugoslavia between March and October 1994, the Co-Chairmen assembled delegations from the Croatian Government and the Serb local authorities at Camp Pleso of the United Nations Protection Force (UNPROFOR) in Zagreb on 27 October to discuss drafts on these topics.

4. The Croatian Government delegation was headed by Mr. H. Sarinić. The delegation of the Serb local authorities was headed by Mr. B. Mikelić. The discussions were characterized by a businesslike and constructive attitude on the part of both delegations.

5. The outcome of the meeting was a consolidated draft Agreement on water, electricity, the oil pipeline, the Zagreb-Belgrade Highway and railways. There were some technical points that needed to be checked and each side agreed to meet in the following days with the International Conference on the Former Yugoslavia, and UNPROFOR representatives.

6. The Ambassadors of the Russian Federation and the United States of America in Zagreb were present at the talks and were briefed on bilateral meetings the Co-Chairmen had with each delegation just before their departure.

7. The Co-Chairmen held resumed discussions with the two delegations in Knin on Thursday, 3 November. The whole draft Agreement was discussed and a substantial measure of agreement achieved on some parts. In preparation for a resumed session, an expert group on electricity-related issues met under the chairmanship of the International Conference on the Former Yugoslavia in Split on 7 November, and an expert group on oil-related issues met in Topusko on 11 November.

8. The Co-Chairmen met with the two delegations again on 15 November at UNPROFOR'S Camp Pleso in Zagreb. The Co-Chairmen also had consultations with the Ambassadors of the Russian Federation and the United States in Zagreb, as well as with the Special Representative of the Secretary-General, Mr. Yasushi Akashi. On 16 November, the Co-Chairmen, together with the Ambassadors of the Russian Federation and the United States and Ambassadors Ahrens and Eide of the International Conference on the Former Yugoslavia, saw President Tudjman and Mr. Sarinić. Ambassador Ahrens and Ambassador Eide travelled to Belgrade the same day for a meeting with Mr. Mikelić.

9. In the light of those discussions, a proposed Agreement on water, electricity, the oil pipeline, the Highway and railways was finalized and transmitted to the two sides with accompanying letters making it clear that the Co-Chairmen, together with the Ambassador of the Russian Federation, Mr. Kerestedzhiyants, and the Ambassador of the United States of America, Mr. Galbraith, were conducting themselves within the framework of the Vance plan and all relevant Security Council resolutions. The Croatian side accepted the document. The Croatian Serbs submitted it to their "Assembly", which met on Saturday, 19 November, but they asked for some further amendments which the Co-Chairmen judged as ruling out further negotiations at that juncture.

10. Following the Co-Chairmen's decisions, President Milosevic met with the Croatian Serb leaders and this was followed by a number of contacts with the Co-Chairmen which were sufficiently encouraging for the Co-Chairmen to arrange to meet with President Tudjman in Zagreb on the morning of Friday, 25 November. The outcome of this meeting was a recasting of the proposed Agreement which the Co-Chairmen took immediately to Belgrade for discussion with President Milosevic and Mr. Mikelić. The Co-Chairmen flew back to Zagreb and saw President Tudjman

that evening. The Co-Chairmen then flew next morning to see Mr. Mikelić in Belgrade.

11. On the basis of those discussions, the Co-Chairmen submitted to the two delegations the text of a recast Agreement, together with accompanying letters to Mr. Sarinić and Mr. Mikelić.

12. The Agreement was signed on Friday, 2 December, by Mr. Sarinić at UNPROFOR headquarters in Zagreb and by Mr. Mikelić in Knin on Friday, 2 December.

13. The text of the Agreement, as signed by the two delegations, together with the Co-Chairmen, General Peeters of UNPROFOR, and Ambassador Paul Joachim von Stülpnagel, Head of the European Commission Monitoring Mission, and witnessed by Ambassador Galbraith and Ambassador Kerestedzhiyants, is contained in appendix I. The letters to Mr. Sarinić and Mr. Mikelić also appear in appendixes II and III.

Appendix I

Agreement

I. WATER

1. Subject of the Agreement

1.1 The following water supply systems:

(a) Obrovac-Zadar-Benkovac-Kakma-Biograd-Filip Jakov;

(b) Čikola-Drniš;

(c) Medak-Gospič-Korenica;

(d) Petrinja-Sisak;

(e) Gacka-Vrhovine;

(f) Sumetlica-Pakrac-Lipik.

The Joint Commission will be examining other water-supply systems, using the same criteria for inclusion.

2. The systems mentioned in paragraph 1.1 shall be restored and opened for the unimpeded and regular supply of water within the optimal capacity of the existing systems.

3. Requirements prior to the opening of the water supply systems mentioned in paragraph 1.1.

3.1 All technical information requested by the United Nations Protection Force (UNPROFOR) in order to make the above-mentioned water supply systems operational shall be made available without delay. This will in particular include:

(a) Layout and technical specifications for installations, pipelines, power lines and associated facilities;

(b) Information concerning assessments of damage;

(c) Assessments concerning repair work needed as well as requirements for such work;

(d) Information concerning requirements for de-mining of any installations connected to these water supply systems and their surrounding areas.

3.2 De-mining will be carried out where necessary.

3.3 Full security will be guaranteed for all installations, facilities and working teams involved during the period of restoration of the water supply systems as well as after they have been put into operation. Within the Zone of Separation UNPROFOR will, for the duration of its mandate, provide this security in accordance with the Cease-fire Agreement.

3.4 UNPROFOR or experts appointed by UNPROFOR, with the cooperation of the signatories to this Agreement, will carry out inspections of all facilities and installations in order to assess damage, requirements for repair work and spare parts as well as the time required to make the water supply systems operational.

3.5 UNPROFOR and experts appointed by UNPROFOR shall be given full access to all facilities in order to carry out such inspections.

3.6 A timetable will be established by UNPROFOR after consultations for the repair work of each water supply system.

3.7 The repair work required will be commenced as soon as the results of the inspections of each supply system are available. Wherever such inspections have already been carried out, repair work will commence immediately. UNPROFOR will supervise the repair work and assist where appropriate.

4. Requirements following the completion of repair work of the water supply systems:

4.1 The regular supply of water will commence immediately after the completion of work required at each supply system and when the Joint Commission has declared each system operational.

4.2 The methods and location for measuring the quantity and monitoring the quality of water shall be determined for each water system of the areas listed by the Joint Commission based on relevant technical considerations. The price of the water to the user will be agreed in the Joint Commission before the beginning of delivery of the water.

II. ELECTRICITY

1. Subject of the Agreement:

1.1 The high-tension transmission lines.

1.2 The generator poles of the Obrovac power plant.

2. The high-tension transmission lines.

2.1 The following high-tension transmission lines shall be opened for unimpeded and regular use.

(a) The Mraclin-Brinje 220 kV transmission line;

(b) The Gradiška-Meduric 100 kV transmission line;

(c) The Obrovac-Zadar 110 kV transmission line;

(d) The Meline-Obrovac-Konjsko 400 kV transmission line;

(e) The Tumbri-Ernestinovo 400 kV transmission line;

(f) The construction of a new [400 kV transformer station] [transmission facility on the 400 kV transmission line] at Ernestinovo.

3. Requirements prior to the restoration of the objects mentioned in paragraph 2.1:

3.1 International expert teams, where appropriate under the auspices of UNPROFOR, shall inspect all segments of the transmission lines that are subject to this Agreement.

3.2 These inspections shall assess the repair work and de-mining required for the unimpeded and regular use of the transmission lines.

3.3 The de-mining and repair of the transmission lines will commence as soon as the results of the inspection of each line are available, under the supervision and with the assistance of UNPROFOR and/or international experts where appropriate.

3.4 The transmission lines shall be opened as soon as they are declared operational by the Joint Commission.

4. Requirements following the opening of the transmission lines:

4.1 UNPROFOR and/or international experts shall have free access to the transmission lines and related facilities for the purpose of verifying and securing unimpeded and regular use.

5. Joint Commission:

5.1 The Joint Commission will discuss and agree on the terms of payment as well as, where necessary, other questions relating to the work required to make the objects mentioned in paragraph 2.1 operational and to secure their unimpeded and regular use.

5.2 The Joint Commission will discuss and agree on the opening of additional transmission lines.

6. The generator poles of the Obrovac power plant:

6.1 The generator poles for the Obrovac power plant, which have been repaired at the Koncar plant in Zagreb and are currently stored in Rijeka, shall be returned to the Obrovac power plant.

7. Requirements prior to the return of the generator poles to the Obrovac power plant:

7.1 The generator poles mentioned above shall be tested at the Koncar plant in the presence of international experts, to verify that they are in working order.

8. Timing of the return of the generator poles:

8.1 The generator poles shall be returned to the Obrovac power plant as soon as the Co-Chairmen of the International Conference on the Former Yugoslavia declare that the highway is operating according to this Agreement.

9. Requirements following the return of the generator poles to the Obrovac power plant:

9.1 The generator poles, once installed in the Obrovac power plant, shall be inspected by UNPROFOR and/or international experts prior to being put into operation.

III. THE HIGHWAY

1. Subject of the Agreement:

1.1 The Highway as it affects the United Nations Protected Areas (UNPAs) East and West.

2. Permissible traffic under the Agreement:

2.1 Only that permitted under the Cease-fire Agreement of 29 March 1994 within UNPAs East and West.

3. Modalities of passage:

3.1 (a) All traffic under the Agreement will be granted free and safe passage. Vehicles may travel separately or together;

(b) In order to ensure free and safe passage through UNPAs Sectors West and/or East UNPROFOR will, within its mandate, monitor these parts of the Highway. UNPROFOR may stop and inspect any vehicles and/or individuals, whenever it considers that such vehicles and/or individuals may endanger the implementation of this Agreement. Local police shall be obliged to provide assistance whenever required by UNPROFOR in order to ensure the free and safe traffic through UNPAs Sectors West and/or East;

(c) A bus service may be established between UNPAs Sectors West and East and may also be established along the other parts of the Highway covered by this Agreement;

(d) UNPROFOR/European Community Monitoring Mission (ECMM) will conduct unarmed patrols of the Highway between UNPAs Sectors West and East and between UNPA Sector West and Zagreb in order to verify compliance with this Agreement;

(e) UNPROFOR/ECMM will, in consultation with the relevant authorities, establish procedures in order to provide assistance in case of accidents, breakdowns of vehicles, violations of traffic regulations, etc.

3.2 Until otherwise agreed, no road toll will be charged inside the UNPAs from vehicles originating outside the UNPAs and outside the UNPAs from vehicles originating inside them.

IV. THE OIL PIPELINE

1. Subject of the Agreement

1.1 The segment of the oil pipeline passing through UNPA Sectors North, West and East.

2. The pipeline shall be open for unrestricted and regular usage at this stage only through UNPA North.

3. Requirements prior to the opening of the pipeline:

3.1 An international expert team under the auspices of UNPROFOR or experts appointed by UNPROFOR shall be allowed to inspect the entire length of the segments subject to this Agreement.

3.2 This inspection will identify any repair work and any de-mining operations required in order to recommence the usage of the pipeline.

3.3 The requirements identified through the inspections mentioned above as well as any maintenance work required will be carried out without delay, under the supervision and with the assistance of UNPROFOR or experts or contractors appointed by UNPROFOR where appropriate. Free access will be given to all persons and equipment involved in carrying out this work.

3.4 A joint commercial company will be established as soon as possible to sell and distribute oil and oil products at market prices in the UNPAs. The pipeline through UNPA North will be opened as soon as this company is established and the Joint Commission has declared that the pipeline is operational. The other segment of the pipeline will be opened when circumstances permit.

V. FURTHER NEGOTIATIONS

1. Negotiations shall be continued immediately in order to reach agreement on the following topics:

   1.1 The return of refugees and displaced persons.

   1.2 Pensions.

   1.3 - The opening of the Zagreb-Okucani-Belgrade railway;

   - The opening of the Zagreb-Knin-Split railway;

   - The opening of the Zagreb-Knin-Split road.

2. Negotiations will be continued as soon as possible on other topics on which there is a consensus to negotiate.

VI. PROVISIONS FOR IMPLEMENTATION

A. Joint Commission

1. Subject of the Agreement

   1.1 A Joint Commission.

2. The Joint Commission will be responsible for implementing all parts of this document as well as other and similar agreements which may be concluded as a follow-up to this document.

3. Membership

   3.1 Membership of the Joint Commission will be as follows: Two Co-Chairmen of the Joint Commission appointed by the Co-Chairmen of the Steering Committee of the International Conference on the Former Yugoslavia. One representative appointed by each of the signatories to this Agreement. One representative of UNPROFOR. Each member of the Joint Commission will be accompanied by one associate and may call on other experts to attend the meetings.

4. Decision-making

   4.1 Any disputes or breach of the provisions of this Agreement as well as any other matter that requires further clarification or deliberation shall be brought to the attention of and resolution by the Joint Commission. Should any dispute or breach of the provisions of this Agreement occur, no retaliation or unilateral action shall take place. In cases where agreement cannot be reached by consensus, the Co-Chairmen of the Joint Commission will try to arbitrate. In the event that their proposal is not acceptable, an appeal can be made to

the Co-Chairmen of the Steering Committee of the International Conference on the Former Yugoslavia, whose arbitration shall be final.

B. Implementation

The implementation of this Agreement shall start immediately upon its signing and shall be completed within one month wherever feasible, while the implementation of all other items shall start within the same period.

2 December 1994

(Signed) H. SARINIČ

(Signed) B. MIKELIĆ

(Signed) D. OWEN

(Signed) T. STOLTENBERG

(Signed) P. PEETERS

(Signed) P. J. von STÜLPNAGEL

Witnessed by:

(Signed) P. GALBRAITH

(Signed) L. KERESTEDZHIYANTS

Appendix II

We are writing to you about how UNPROFOR will conduct itself under the Agreement.

Whenever it is foreseen in this Agreement that UNPROFOR is to carry out certain tasks, it is understood that UNPROFOR is requested by all concerned to carry out those tasks to the best of its abilities and within its available resources and mandate and that all concerned will extend their utmost cooperation to UNPROFOR in carrying out such tasks.

In UNPA West there will be no checkpoints on the Highway. Instead there will be joint patrolling of the Highway by UNPROFOR vehicles accompanied by one person from your police.

If it is decided to establish a bus service between UNPAs Sectors West and East or along other parts of the Highway covered by this Agreement, UNPROFOR/ECMM will be present on these buses, if requested.

(Signed) D. OWEN

(Signed) T. STOLTENBERG

(Signed) P. PEETERS

Witnessed by:

(Signed) P. GALBRAITH

(Signed) L. KERESTEDZHIYANTS

Appendix III

We are writing to you about how UNPROFOR will conduct itself under the Agreement.

Whenever it is foreseen in this Agreement that UNPROFOR is to carry out certain tasks, it is understood that UNPROFOR is requested by all concerned to carry out those tasks to the best of its abilities and within its available resources and mandate, and that all concerned will extend their utmost cooperation to UNPROFOR in carrying out such tasks.

In UNPA West there will be no checkpoints on the Highway. Instead there will be joint patrolling of the Highway by UNPROFOR vehicles accompanied by one person from your police.

UNPROFOR is not permitted at this stage to let goods pass through the UNPAs originating from, or destined to, the territory of the Federal Republic of Yugoslavia (Serbia and Montenegro) or territory controlled by the Bosnian Serbs and therefore at the two checkpoints within UNPA East your police will be asked to provide assistance and to work alongside UNPROFOR. Control will, however, have to be exercised by UNPROFOR in order to ensure compliance with this Agreement.

If you decide to establish a bus service between UNPAs Sectors West and East or along other parts of the Highway covered by this Agreement, UNPROFOR/ECMM will be present on these buses, if requested.

(Signed) D. OWEN

(Signed) T. STOLTENBERG

(Signed) P. PEETERS

Witnessed by:

(Signed) P. GALBRAITH

(Signed) L. KERESTEDZHIYANTS